

Organization Design

Risk Attitude Assessor

Introduction

What is your risk appetite? Both individuals and organizations have different risk appetites depending on the situation. Knowing where you stand in relation to your colleagues will help you decide collectively whether you want to treat, transfer, terminate, or take a particular risk.

Instructions

A) Questionnaire

- Take a moment to identify a recent **uncertain situation** at work that required you to make a decision.
- Now tick the statements below that most closely describe your approach to that uncertain situation.
- You may tick as many or as few statements as you like.

Uncertain situation:	
1. I like being dependable, and I am usually punctual	
2. I am not likely to take chances	
3. I think about the future and have long range objectives	
4. I am resourceful and prefer not to plan or prepare	
5. I like action, and I act impulsively at all times	
6. I value institutions and observe traditions	
7. I like to anticipate another person's position	
8. I work best when I am inspired	
9. I am naturally curious and often ask why?	
10. I am more self-oriented than service oriented	
11. I am responsible and prefer to work efficiently	
12. I seek excitement for the thrill of the experience	
13. I am more service oriented than self-oriented	
14. I enjoy generating new ideas	
15. I trust my intuition and am comfortable with the unknown	

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(If you are using this in a group handout after delegates completed questionnaire)

B) Scoring Key

The scoring key helps to determine your relative preference for being **risk-seeking (S)**, **risk-neutral (N)** or **risk-averse (A)**.

Score one S point for a tick on each of statements 4,5,7,10 or 12	Score one N point for a tick on each of statements 3,8,9,14 or 15	Score one A point for a tick on each of statements 1,2,6,11 or 13

- Count the number of S's, N's and A's you have ticked. The scores reflect your preferred approach(es) to risk when faced with having to make a decision when uncertain.
- You may have a **high score** in just one area – this shows your preferred way of handling uncertainty. OR you may be high in two or even all three areas – you have several styles of response available, and must choose the most appropriate.
- A **low score** in any area suggests a type of response with which you are uncomfortable. Being aware of this may help you to identify types of decision where you need input from another person (preferably someone with a different risk style from you!).

The three basic risk attitudes are summarised below:

- Risk-seeking

You have a liberal risk attitude with a preference for speculative payoffs. People who are risk-seeking make good entrepreneurs and negotiators. If you are risk-seeking, you are adaptable and resourceful. You enjoy life and are not afraid to take action. Performing, acting and taking risks are activities at which you excel.

- Risk-neutral

You have an impartial risk attitude with a preference for future payoffs. People who are risk-neutral make good executives, system architects and group leaders. Risk-neutral types are neither risk-averse nor risk-neutral, you think abstractly and creatively and envisage the possibilities. You enjoy ideas and are not afraid of change or the unknown. Learning, imagining and inventing are activities at which you excel.

- Risk-averse

You have a conservative risk attitude with a preference for secure payoffs. People who are risk-averse, you are practical, accepting and have common sense. You enjoy facts more than theories and support established methods of working. Remembering, persevering and building are activities at which you excel.